

**FREQUENTLY ASKED QUESTIONS
ON CIRCULAR NUMBER 15/30/DPM DATED 27 AUGUST 2013 ON AMENDMENT
TO CIRCULAR OF BANK INDONESIA NUMBER 12/16/DPM DATED 6 JULY 2010
ON
CRITERIA AND REQUIREMENTS FOR SECURITIES,
PARTICIPANTS, AND INTERMEDIARIES IN MONETARY OPERATIONS**

1. What is the background of the issuance of this amendment to criteria and requirements for securities, participants, and intermediaries in monetary operations?

The background of issuance of this Circular is the prior issuance of Regulation of Bank Indonesia Number 15/5/PBI/2013 on the Second Amendment to Regulation of Bank Indonesia Number 12/11/PBI/2010 on Monetary Operations. Such amendment aims to accommodate issuance of new securities which may be used in Monetary Operations, that is Bank Indonesia Deposit Certificate.

2. What is the amendment made to this Circular?

The amendment includes addition of provisions for SDBI, which may be used in Monetary Operations as underlying transactions of repo and lending facility as well as transactions in Open Market Operations.

3. What is Bank Indonesia Deposit Certificate?

Bank Indonesia Deposit Certificate (SDBI) means securities in rupiah currency issued by Bank Indonesia as acknowledgement of short term debts tradable between Banks only.

4. How are SDBI price and haircut determined in monetary operations?

- The price of SDBI is determined by Bank Indonesia by considering, among others, weighted average of discount rate on issuance and the remaining tenure of each SDBI series.
- SDBI haircut is determined 0% (zero percent).

5. What are the reasons for early redemption of SDBI by Bank Indonesia?

Early redemption of SDBI is made in the event transaction settlements of matured repo and lending facility fail or a transaction using SDBI occurs between a Bank and any party other than a Bank.